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SUBJECT: LABOUR'S NEW TALENT DEFICIT.

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11. (SBU) Summary: After two full terms in power, PM Clark has failed to effectively rejuvenate her Labour Party's ranks. Labour's lack of recognizable next generation leadership could be a real handicap over the short to-medium term, especially as the opposition National Party has a number of capable new MPs. End Summary.

Labour's Icarus syndrome.

12. (SBU) Labour's rising stars appear to be plagued with an affliction: those who fly too high plummet rapidly back to earth. Since Labour came to power in 1999, a pattern has emerged in which soon after Labour MPs have been anointed as potential future leaders they make career damaging missteps. The tag "the next big thing" increasingly seems to be the kiss of death for a budding Labour MP.

Parker the latest in a line of fallen Clark protgs

13. (SBU) Former Cabinet Minister David Parker (reftel) is only the latest of Clark's rising Labour stars to fall off his perch. The first was Lianne Dalziel. Touted as a potential Labour leader when she came to Parliament in 1990 and named by Time magazine as a future world leader in 1995, Dalziel acquired increasingly important Cabinet assignments in quick succession. Her run was interrupted when she resigned from Cabinet in 2004 after being caught in a lie over leaking a document to the media.

14. (SBU) The second to go was John Tamihere, the charismatic former MP identified early on by some analysts as a possible first Maori Prime Minister. He too fell to earth after being implicated in financial malfeasance in his iwi (tribe). He then gave an interview that he claims did not know he was giving, in which he poured scorn upon members of his own caucus, including Clark herself. After being marginalized by his party, Tamihere refused to go on the Labour list and is now out of Parliament altogether after losing his constituency seat at the last election.

15. (SBU) Unlike Tamihere, whose future in Labour Party politics looks distinctly bleak, Clark has indicated to the press that Parker might return to Cabinet if he is cleared of accusations that he falsified documents related to his business. Indeed, Clark has a predisposition to rehabilitate disgraced MPs whom she thinks still could add value in her government. The obvious precedent is Dalziel, who after being out in the political wilderness for twenty months was brought by Clark back into the Cabinet after the 2005 election and now hold three portfolios. Dalziel is no longer touted as a rising star, however, and Parker may find the same fate. Clark has to balance her party's need for a competent next generation with the desire to avoid controversies that the now-strengthened opposition could exploit.

Labour caucus short on commercial experience.

¶6. (SBU) Parker and Tamihere were regarded as new generation Labour politicians, who would, over time, front the major commercial portfolios in the Clark administration. Their departure from the immediate scene leaves only David Cunliffe as a new generation Labour MP with a credible business background.

¶7. (SBU) As a former Fulbright Scholar, Harvard Business graduate, management consultant, and diplomat who once served in Washington, Cunliffe has impeccable business credentials. As such, he is an anomaly in a caucus full of former trade unionists and teachers. In Clark's effort to maintain the confidence of the business community with new and experienced political talent, Cunliffe stands out. Yet, it is uncertain to whether he is able to build strong support within his own caucus in order to move into a vaunted leadership role in the future. Some analysts note that Cunliffe's interpersonal skills leave a lot to be desired and he reportedly has few friends within the Labour caucus.

Labour's newest "next big thing".

¶8. (SBU) The latest Labour MP who has been widely tipped for future leadership is new high-flying list MP Shane Jones. Like Tamihere before him, Jones is viewed by some analysts as a future Maori Prime Minister. Yet, already there are signs that Jones could be destined for trouble.

¶9. (SBU) In late 2005, mere months after entering Parliament, Jones faced a political storm when the opposition National Party questioned his intention to stay on as the paid chairman of a Maori Fisheries Commission. Clark herself was not happy about Jones' alleged conflict of interest and it was ultimately agreed that he would remain as Chairman for an undefined transition period. Clark's

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reason for quickly moving to try clear up this matter goes beyond protecting Labour's newest political star from a premature downfall. Jones is also chairman of Parliament's powerful Finance and Expenditure Committee. An inference that the committee's Labour chairman is involved in a conflict of interest would further add to the Government's growing reputation for political sleaze. Labour alleges a dirty plot

¶10. (SBU) The political troubles of both Parker and Tamihere were brought to light by Ian Wishart, a journalist who once worked for former Labour Prime Minister Mike Moore. "Investigate," the magazine Wishart founded in 2000, is an influential publication sold in both New Zealand and Australia. Seen by some as the New Zealand version of Woodward and Bernstein, others accuse born-again Christian Wishart of having an anti-Labour, conservative agenda. Wishart counters that his publication has also "annoyed the Right in the past". Unconvinced, or at least threatened, Clark in a recent radio interview called Wishart a "little creep". The next in line - the short game.

¶11. (SBU) Despite Clark's efforts to change the subject, the makeup of a post-Clark Labour Party is becoming an increasing common parlor game among political analysts and the media. It is widely assumed that the contest for the next Labour leadership battle will be between the moderate wing and the traditional left-leaning faction of the Labour Party. Defense Minister Phil Goff reportedly leads the moderate faction. The left-leaning wing is more splintered, however, with Ministers Steve Maharey and Trevor Mallard being the lead contenders. Despite the rumors, Clark has not identified an heir apparent. Nor have any of the leading contenders openly articulated their own ambitions. There is very much a sense that Labour has yet to decide upon a leadership plan.

The National Party

¶12. (SBU) Contrast the uncertainty of the succession question within Labour to that of the National Party. Most commentators see as inevitable the rise of John Key, National's Finance spokesman, to

replace Don Brash in the top slot. Although Key publicly backs away from talk of a leadership challenge to Brash, the impetus is firmly behind him as the public is becoming increasingly cognizant of his leadership credentials. Significantly, Key now ranks third in preferred Prime Minister polling, behind Clark and Brash. (Ironically, John Tamihere ranks fourth, ahead of Finance Minister Michael Cullen and Defense Minister Goff.) National also has a number of other competent younger MPs, many of whom entered Parliament during September's extremely close general election.

Lack of renewal and new talent will hurt Labour going forward

¶13. (SBU) Comment: It seems unlikely that further cabinet re-shuffles will rid Labour of its ever-growing image of staleness. The failure to bring enough fresh and expert eyes to look at existing problems also means Labour may go into the next election short of new and innovative ideas. Measured up against a rejuvenated National opposition, Labour's lack of new blood may well be all the more noticeable.